GREATER TAUNG LOCAL MUNICIPALITY

VIREMENT POLICY

Virement is the process of transferring budgeted funds from one line item number to another, with the approval of the relevant Manager and CFO, to enable budget managers to amend budgets in the light of experience or to reflect anticipated changes. (Section 28(2)(c) MFMA).

All virement proposals must be completed on the appropriate documentation and forwarded to the CFO for checking and implementation.

All virements must be signed by the Director of the directorate in which the vote is allocated. (Section 79 MFMA).

All virements should be approved in line with Council's System of Delegation.

Projected cash flows in the SDBIP should be adjusted in line with the virement.

All documentation must be in order and approved before any expenditure can be committed or incurred. (Section 79 MFMA).

The Municipal Manager will report to the Mayor on a monthly basis on those virements that have taken place during the preceding month.

All virements of funds between votes (directorates) must be approved by the Municipal Manager and reported to the Executive Committee on a monthly basis.

No funds can be viremented between the different types of budgets (E.g. virements can only be made from basic capital to basic capital and operating to operating).

No virement may be made where it would result in over expenditure of a line item. (Section 32 MFMA).

No virement shall create new capital projects without the approval of the Council in an adjustment budget.

Virement to or from the following votes are not permitted:

(i) Salaries and allowances
(ii) Depreciation
(iii) Capital cost (Interest and redemption)
(iv) Appropriations
(v) Contribution to funds
(vi) Administration cost
(vii) Municipal services consumption (Water, Electricity, Refuse and Sewerage)

An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement / supply chain management policy of Council as periodically reviewed.

Virements may not be made between Expenditure and Income.

No more than 10%+ of the budget may be moved to or from a vote, programme, project, etc.

This virement policy should be read together with the MFMA and MFMA Circular No. 51 dated 19 February 2010.